

## Highlighting the Impact of Electronic Marketing Practices (EMP) on the Performance of SME's Operating in Least Developed Countries: Evidence from the SME's Operating in Pakistan

Muhammad Faisal Sultan

Assistant Professor, KASBIT, PhD Scholar, Karachi University Business School

Fiza Rani Balouch  
Lecturer, KASBIT

Anila  
Lecturer, KASBIT

### Abstract

Role of SME's is predominant in each and every country, in fact they are responsible for economic growth of the country as well as in the improvement of social lives. But in Least Developed Countries (LDC) like Pakistan there is no extensive research work in this category except some which are just focusing on the definition of SME's and highlighting their challenges and issues. But in the developed countries there is a heap of research work on this topic which highlights their performance and factors associated with their performance. Hence through taking the reference of research on the topic conducted in Pakistan as well as abroad we have developed the research model in order to determine the impact of E-Marketing practices of SME's on their business performance. The model was then translated into the questionnaires and through the collection of responses through 400 respondents working on top level position in well established SME's across Pakistan, and through the analysis of data collected through the closed ended questionnaire we have implemented, correlation analysis and second order Confirmatory Factor Analysis we analyzed that E-Marketing is significant in enhancing the performance of SME's and must be used in a better way to optimize the performance of SME's.

**Keywords:** SME's, E-Marketing, LDC

### Introduction to the Topic

According to the initial research work on the topic E-Marketing can be defined as "The use of electronic data and applications for planning and executing the conception, distribution and pricing of ideas, goods and services to create exchanges that satisfy individual and organizational goals" (Strauss & Frost, 2001, p. 454) Similar sort of findings were revealed by the research of Coviello, Milley and Marcolin (2001) that E-Marketing is treated as the most important way in the field of marketing through which company can interact with customers via help of internet and other interactive technologies. Explaining the role of internet and interactive technologies in the field of research Brodie, Winklhofer, Coviello & Johnston (2007) stated that internet is used for providing information to the customers, while interactive technologies aid company in achieving information from customers. Moreover it has also been highlighted that internet which is a major E-Marketing tool is also being indulged also into the other marketing activities. According to recent research work this idea of marketing will exist as a new example of marketing. (Iddris & Ibrahim, 2015)

Research work also claims that adoption of E-Marketing has a positive link with the marketing performance as well as acquisition and retention of customers. (El-Gohary, 2012) Moreover competitive intelligence and organizational capabilities are also the resultants of E-Marketing adoption, which aids in effective marketing decisions and proper positioning of the firm in the industry. (Olalekan, 2009) But it is hanging upon the organization, especially SMEs that how they might develop their capabilities, through taking the advantage of E-Marketing, as E-Marketing is treated as the new revolution of marketing for the firms operating in the developing economies. (El-Gohary, 2012)

While the research of Chaffey, Ellis-Chadwick, Mayer and Johnston, (2009) defines E-marketing in a new way and according to them E-Marketing is the use of electronic communication technology in combination with traditional media in order to deliver as well as acquire services from customers. Thus this technology is sufficient to provide extraordinary opportunities to all the actors for e.g. access to large market, selection of advertising medium, channel of distribution and platform to perform sales transaction.

Thus accompanied with the poor infrastructure, limited availability of resources and tough competition, SMEs in Least Developed Countries (LDC) are trying to gain more from these opportunities. (El-Gohary, 2012) E-Marketing also aids in the reduction of exports barriers to SMEs and results in development of their communication globally in an effective and efficient manner. (McCue, 1999; Hoffman & Novak, 1996; Herbig & Hale, 1997 & Nguyen & Barrett, 2006) Thus major benefits of E-Marketing to the organization are increase in

access to global markets (Laudon & Laudon, 2004) improvement in the level of communication (Chaffey, 2003) and reduction in the cost of transaction. (Sandeep & Sing, 2005)

Regardless of the emergence of numerous benefits from the emergence of E-Marketing technology Barwise and Farley (2005), argued and indicated that there is requirement of more research on the topic in order to define the impact of E-Marketing on the practices and performance of the firm in a broader manner. On the other hand SMEs are responsible for the 30% of the Gross Domestic Product, represents 25% of manufactured goods exports and 35% in the manufacturing value added. While according to a approximate level of estimation 53% of SME sector is based upon retail trade, whole sale, restaurants and hotels, and plays a critical role in the enhancement of economic growth, technological innovation, sourcing of large and cottage industries, hence aids in economic renewal and social development, as SMEs are one of the element aids in reduction of poverty and enhancement of social development. (Dar, Ahmed & Raziq, 2017) According to the Economic Census of Pakistan for year 2005 SME sector contributed almost 90% of all the private business operating in the country. (PBS, 2011)

### **Delimitations and Statement of Problems**

The available literature on E-Marketing is mainly related with its usage by the large organizations operating under the developed countries and there is a sufficient lacking for the literature of E-Marketing and its usage by the SME's (Small and Medium Sized Enterprises) especially those who are operating under Least Developed Economies (LDC). (Iddris & Ibrahim, 2015)

The dilemma is much more complex than it looks through initial discussion as there is not only a lacking of investigation associated with the adoption of E-Marketing practices by small business, but also there is a significant lacking of empirical and conceptual studies for examining the relationship between E-Marketing adoption and marketing performance of SME in LDCs. (Iddris & Ibrahim, 2015) But there are several researches which highlighted the use of E-Commerce by SME's in LDCs. (El-Gohary, 2012; Iddris 2012; Jones, Beynon-Davies, Apulu, Latham & Moreton, 2011; Kshetri, 2008; Molla & Licker, 2005)

Research conducted by Simpson (2006) highlighted that "There is no clear theory of marketing in SME's" But SMEs are the important contributor in the development of economy of many countries, especially with the opening of new opportunities in international markets. (Mogeni, 2016) and SME have to remain competitive Lloyd (2002), as they are treated the lifeblood of the modern economy and aids in creating more job as compared to the larger ones. Moreover research of 1998 highlighted that performance of small firms are associated with their level of customer orientation and firms with the higher degree of customer orientation will generate more profit as compared to the lesser customer oriented firms. (Apiah-Adu, 1998)

Research of Etemad and Wright (1999) also supports the thinking of Apiah-Adu (1998) and highlighted that SMEs has the desired potential for the creation & distribution of wealth, hence in combination these two results in multiplier effect in the socio-economic activity of the country. But the there is no guarantee of similarity of marketing thoughts in the SME sector and these ideas are dependent upon firm's size and customer markets which the SME is catering. (Carson, 1993) On the other hand research of McCartan-Quinn (2003) selection of marketing practices is based upon managers own attitude, experience and expertise in the field of marketing. Thus the level at which E-Marketing has been deployed by SME's varies significantly, (Sadowski, Maitland & Van-Dongen, 2002) in fact prior research of Kendell, Yung, Chua, Ng and Tan (2001) indicated that use of internet is highly beneficial for the performance of SME's, however managers of SMEs are unaware of these advantages which they might have through the use of internet.

Similarly the research of Gallagher and Gilmore (2004) highlighted that though the adoption of E-Marketing is endowed to provide several opportunities, SME is sector found slow in making the appropriate use of these practices. Hence the rate of adoption of internet and E-Marketing practices is found on the lower side. (Kendell, Yung, Chua, Ng & Tan, 2001) On the other hand Gilmore, Gallagher and Henry, (2007) indicated that SME's are opting internet on ad-hoc basis, which might serve as additional tool for marketing and thus they are unable to achieve desired level of competitive advantage through the use of this technology, and merely relying upon the operational benefits which are resulting from the use of internet. (Egan, Clancy & Toole, 2003; Windrum & Barranger, 2003 & Gallagher & Gilmore, 2004)

But in most of the countries SMEs are dominating the industrial and commercial infrastructure. (Deros, Yusof & Salleh, 2006) All the lacking associated with the knowledge of E-Marketing and its significance for SMEs are somehow also related with the lack of research on SMEs (Ching & Ellis, 2004; McCue, 1999 & Avlonitis & Karayanni, 2000) especially in the category of use of E-Marketing in LDC's. (Iddris & Ibrahim, 2015) Thus there is significant room for conducting research on the topic of use of Electronic Marketing and company's performance in order to gain insight regarding the perception of top level executives operating in SME's, about the advantages which company might earn through the use of internet and E-Marketing.

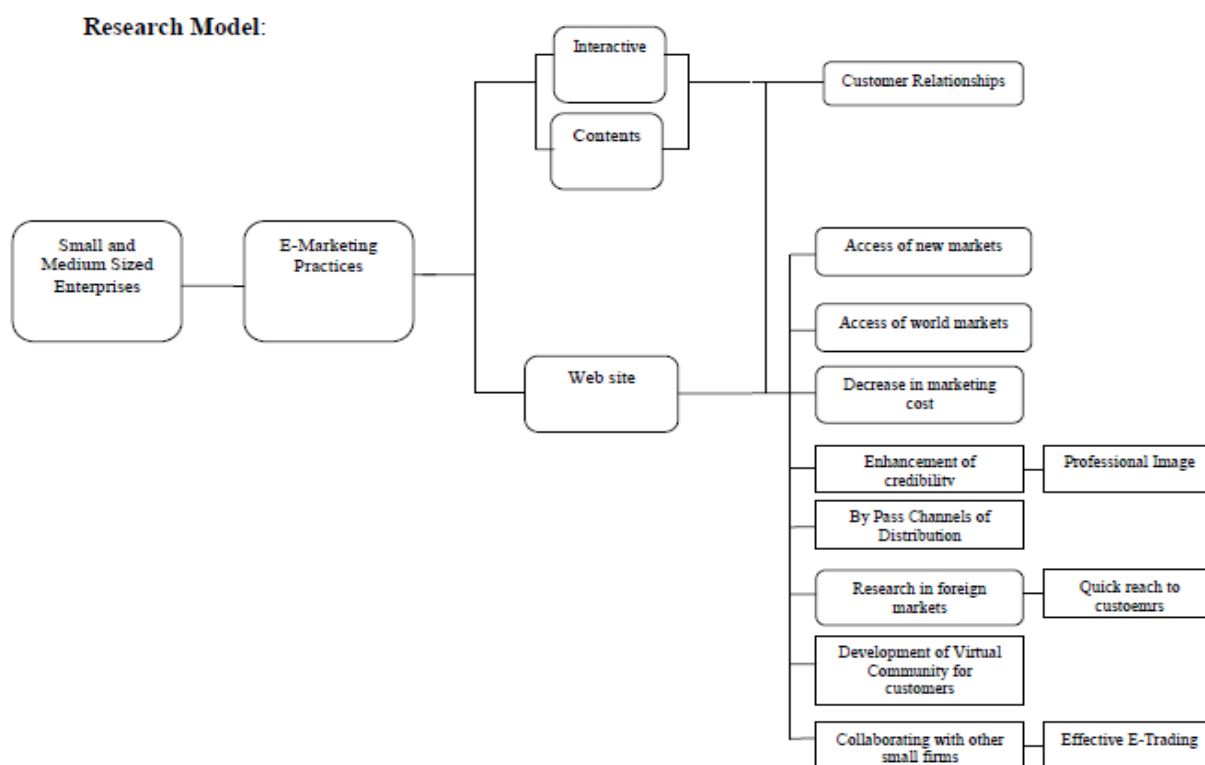
### Scope of Research

The purpose of this research is to illuminate the advantages of E-Marketing for SMEs as discussed above most of the SMEs are unaware of the advantages of the use of E-Marketing, but the sector is dominating the industrial and commercial infrastructure in most of the countries. (Deros et al., 2006), on the other hand E-Marketing is the tool through the use of which SMEs are trying to achieve more, especially in LDCs. (El-Gohary, 2012) But SMEs are also facing great challenges for their survival and sustainability in the market like lacking of resources; marketing expertise (O’ Dwyer et al., 2009) and financial resources, which are preventing growth of SMEs. (Doern, 2009; O’Dwyer et al., 2009 and Xu, Rohatgi & Duan, 2007)

Thus this research is of high importance for the managers in gaining knowledge regarding the edge SMEs might gain through using E-Marketing practices. Moreover in LDC’s it is required by a SME to develop their capabilities in order to exploit the opportunities emerging from E-Marketing, even though this appears to be a new marketing concept to firms operating in developing economies (El-Gohary, 2012). Thus this research is found to be very significant for the entrepreneurial point of view which might them able to understand the requirement of the recent benefits company might achieve through the use of internet and E-Marketing.

### Theoretical Framework

For the formation of framework and research model we have used researches written by Adrian & Brychan, (2001); Iddris. and Ibrahim., (2015) and Gilmore., Gallagher. and Henry, (2007), as the base and through combining the ideas provided by these researcher we have develop a new form of research model in order to highlight more benefits for the which company might achieve through E-Marketing activities.



### Literature Review

Research conducted by Audery, Damian and Scott (2007) highlighted that SMEs might able to take benefit from integrating internet technology into their marketing mix elements, for e.g. company might provide online quotes for marketing their products and services, while the cost of marketing and advertising might also be decreased through using emails as the tool, which are sufficient for the decrease of printing cost. Moreover use of internet an E-Marketing are also considered as potent variables in the creation of professional image o the organization, through creating the efficient web layout for the firm, use different languages to answer queries associated with companies offerings and also for conducting research in foreign markets. (McCue, 1999; Kula & Tatoglu, 2003)

### Factors Associated with the Performance of SMEs:

Though research work associated with the performance of SME’s are in far and few between, but still some research work is there which might able to describe the role of E-Marketing in the performance of SMEs, especially for e.g. Dar, Ahmed and Raziq, (2017); Deros, Yusof & Salleh, (2006); Iddris, (2012); El-Gohary,

(2012); Iddris and Ibrahim, (2015); Gilmore, Gallagher and Henry, (2017); Mogeni, (2016) and Xu et al. (2007) and through using these researches we are presenting literature review in a systematic and sequential manner.

### **Customer Relationship Management:**

Base of marketing philosophy for SMEs lies in the management of customer relations and several tools associated with advertising and marketing are used by SMEs in order to develop customer relations. Importance of internet for fostering customer relationships are also been recognized by managers. (Adrian & Brychan, 2001) Early research conducted by Hoffman and Novak, (1996) highlighted that small firms as well as their customers can avail advantages through the use of marketing through internet. While customized offerings of SMEs and “*Market of one Process*” aids markets in developing closer levels of customer relationships. (Peppers & Rogers, 1996)

Moreover it has been also realized by the marketing professionals that during early stage of internet use its content were the major part for developing customers relationships, but now interactivity is a dominant elements in developing and fostering customer relationships thus SMEs are might also take advantage of this technology through implying its interactive nature.. (Adrian & Brychan, 2001)

### **Website:**

Website became able to generate competitive advantage only when it can make customers became associated with the contents of the website, thus clarifies that internet is distinctive in nature as compare to the other available forms of marketing and able to generate competitive advantage. Thus it is appropriate to state that if entry barriers allow SME’s then they will make fell their presence by taking the advantage of internet and might also give competition to the larger firms. (Adrian & Brychan, 2001)

According to Peppers and Rogers, (1996) use of websites results in mass level of customization in company’s offerings Ditto and Pille (1998) the development of an interactive Web site which focusing upon real form of customer relationship requires an equivalent contribution from the content, marketing and technology of an enterprise. While research has also divided the consumer impact of a Web site into three categories but the prior research of Ditto and Pille (1998) that equivalent contribution from content marketing as well as technological expertise from the organization. On the other hand research of Kleindl, (2000) regardless of lacking of resources and pioneers in the use of internet, SMEs have to compete in the virtual market place, thus the implementation of web as communication and marketing platform will provide numerous benefits to SMEs. Moreover according to research of Adrian and Brychan (2001) an effective website is able to generate three different levels of advantages.

#### **a) Informational Level:**

This level of website is used to provide the same level of information which has been provided to the customer through the use of traditional tools of marketing. This type of information is beneficial in making customer understand about the enterprise, its offerings and its objectives, but due to lack of interactivity at this level this level is treated as one way marketing which is similar to the traditional level of marketing. (Adrian & Brychan, 2001 & Ditto & Pille, 1998)

#### **b) Transactional Level:**

This level of website is used to deliver more than the static information to the users. Thus because of particular need customers are attracted towards the website and there need can be addressed by offering them “Virtual Tour” and also by providing them opportunity to contact, enterprise via email, telephone or any other means. (Adrian & Brychan, 2001 & Ditto & Pille, 1998)

#### **c) Relational Level:**

This level aids in developing interactivity with the customers. Through this level company might able to create “Virtual Community” for the customers having similar needs, while role of internet is conduit in nature in order to foster relationships between customers and enterprise. (Adrian & Brychan, 2001 & Ditto & Pille, 1998)

All these must be required to work together in order to create a shared vision which is sufficient to highlight reasons for web presence, while the ultimate goal of web presence is to change the perception of SME for having internet just as the marketing tool to the resource which is required in order to manage enterprise. (Management Accounting, 2000)

### **Customized Offerings:**

Research of Williamson (1985) indicates the use of internet technology and its awareness is not only responsible for retaining the market position and number for customers for SMEs but also aids in findings the alternatives or market development. While the research of 1998 highlighted the edge which SMEs having their larger organizations through developing customer relationships, providing customized offerings and choosing niche markets. (White, Ables & Gordon-Murnana, 1998)

### **Bypass Market Intermediaries:**

Through websites SME's are able to access markets in much easier way as compared to the past, as use of internet technology provides disintermediation. (Benjamin & Wigand, 1995) But this cannot be separated from the risk of channel conflict, and this risk increases with the number of bypass SME made in the channel. Some of the SME's hesitates in linking the e-commerce technology to their websites and only using the internet technology for developing contacts and providing of information. (Kleindl, 2000)

### **Reduction of Marketing Cost:**

Research of Peppers and Rogers (1996) highlighted that use of internet results in reduction of cost associated with content provision. Thus it is optimal to state that availability of online contents yields in lower level of cost in against of the information exchanged between the company and its customers. "Electronic content allows for a publish once, read-many-times environment" (Kleindl, 2000, p.75-77)

### **Research Design:**

This is a "Descriptive" form of research as the research work on this theme and topic are available and we have used research papers indexed by some esteemed research indexing bodies for e.g. Scopus, Emerald etc, and the type of investigation we have applied was "Causal" as we have used the variables highlighted by Adrian and Brychand (2001); Iddris (2012); Iddris and Ibrahim (2015) and Gilmore, Gallagher and Henry (2007) and we have collected the data through the use of adapted closed ended questionnaire provided to the respondents, hence the nature of experiment we have conducted was "Filed Experiment" and the study setting employed was "Non-Contrived".

While the unit of analysis we have used for data collection is "Individual" as most of the researches on the topic were qualitative in nature for e.g. Gilmore, Gallagher and Henry, (2007) and Dar, Ahmed and Raziq (2017) while other researchers just taken the percentage highlighted by respondent for critical success factors employed in the SME industry for association with E-Marketing practices for e.g. Adrain and Brychan (2001), and other just used market knowledge available at SME level and presented it in a numeric form in order to highlight the results achieved through the use of E-Marketing practices by SMEs.

Thus it is optimal to believe that the quantitative analysis in the area of interest is a unique one and have done only researchers which are far and few between e.g. Iddris and Ibrahim (2015).

### **Questionnaire and Sampling Design:**

In their research they circulated questionnaire among the employees of SME's, operational in Ghana, and collected data from 200 respondents from the list of 1200 employees of SME working in Ghana, through this it is evident that for quantitative research on the topic of E-Marketing and its association with the firms performance selection of employees working in SME's is the best option, while the research of Iddris and Ibrahim (2015) also highlighted that increase in the sample size might enhance the level of results.

Thus through taking the research of Iddris and Ibrahim (2015) as the reference base and coupling it with some other relevant researches like Brodie et al. (2007); Dholakia and Kshetri, (2004) Mehrtens, Cragg and Mills (2001); Sadowski et al. (2002) and Wu, Mahajan and Balasubramanian (2003) we have developed closed ended questionnaire.

The method of sampling we have used for collection of data is Snow Ball Sampling, which is a part of Non-Probability Sampling, unlike Iddris and Ibrahim (2015) we used Non-Probability Sampling as in Pakistan there is no list which is available for the accurate data of employees, associated with different SMEs, thus by asking about the details of other respondents from the respondents we tracked we have covered 400 questionnaires.

All the respondents we have selected for this research are working on top level positions in SME's in order to have those who have some knowledge regarding the use of E-Marketing practices followed in SMEs, while the sample size for the research was 400 respondents from the top level positions of SMEs operating all over Pakistan especially in the fields of handmade carpets software houses, marketing agencies, tuition centers, private schools, private colleges and restaurants etc.

Moreover for the collection of data associated with the use of E-Marketing we remains focused to the urban areas of Pakistan as the entrepreneurs working in urban areas are unaware or not using the techniques of E-Marketing.

### **Statistical Testing and Evaluations**

Initially we are highlighting the descriptive statistics and reliability of the data we have collected in order to highlight the authenticity of the data as well as the adopted questionnaire we have used in this regard, then after presentation of reliability analysis we will present that model and analytical themes we have developed through using AMOS.

**Table No. 01** Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
E-Marketing Practices	400	1.00	5.00	3.3050	1.20649
Interactive	400	1.00	5.00	3.1875	1.19830
Contents	400	1.00	5.00	3.1550	1.26093
Customer Relationships	400	1.00	5.00	3.1600	1.22808
Web Site	400	1.00	5.00	3.1125	1.22621
Access of new markets	400	1.00	5.00	3.2950	1.15599
Access of world markets	400	1.00	5.00	2.9775	1.37358
Decrease in marketing cost	400	1.00	5.00	3.5925	1.22687
Enhancement of credibility	400	1.00	5.00	3.5850	1.23555
Professional Image	400	1.00	5.00	3.3625	1.32116
By Pass Channels of Distribution	400	1.00	5.00	3.5425	1.29707
Research in foreign markets	400	1.00	5.00	3.4700	1.20737
Quick reach to customers	400	1.00	5.00	2.6650	1.42402
Development of Virtual Community for customers	400	1.00	5.00	3.4875	1.25849
Collaborating with other small firms	400	1.00	5.00	3.5525	1.30633
Effective E-Trading	400	1.00	5.00	3.4275	1.28213
Valid N (list wise)	400				

**Table No. 02** Reliability Analysis

<b>Reliability Statistics</b>	<b>Cronbach's Alpha</b>
E-Marketing Practices	<b>0.744</b>
Interactive	<b>0.736</b>
Contents	<b>0.782</b>
Customer Relationships	<b>0.813</b>
Web Site	<b>0.767</b>
Access of new markets	<b>0.711</b>
Access of world markets	<b>0.756</b>
Decrease in marketing cost	<b>0.704</b>
Enhancement of credibility	<b>0.784</b>
Professional Image	<b>0.723</b>
By Pass Channels of Distribution	<b>0.731</b>
Research in foreign markets	<b>0.777</b>
Quick reach to customers	<b>0.745</b>
Development of Virtual Community for customers	<b>0.806</b>
Collaborating with other small firms	<b>0.781</b>
Effective E-Trading	<b>0.774</b>

### Analysis

Through Table No 01 and Table No. 02 it is evident that the mean of each variable we have constructed is more than 3 with Standard Deviation are lesser than 1.5 which indicates the authenticity of variables, constructs as well as the questionnaire. Moreover the reliability test highlighted that the value of Cronbach Alpha is more than 70 in every case thus the data collected is approximate and reliable enough to use in the inferential stats so to conclude with the results hypotheses.

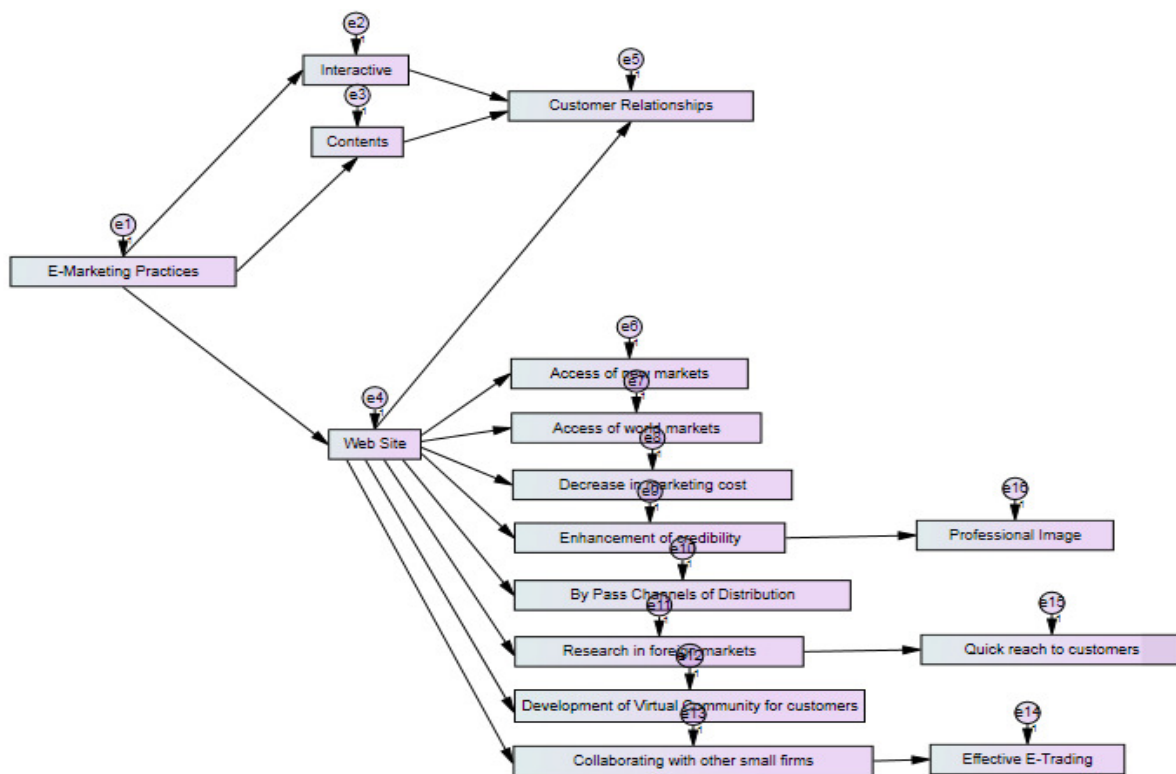
**Table No. 03 Correlation Table**

	E-Marketing Practices	Interactive	Contents	Customer Relationships	Web Site	Access of new markets	Access of world markets	Decrease in marketing cost	Enhancement of credibility	Professional Image	By Pass Channels of Distribution	Research in foreign markets	Quick reach to customers	Development of Virtual Community for customers	Collaborating with other small firms	Effective E-Trading
E-Marketing Practices	1															
Interactive	.394**	1														
Contents	.386**	.344**	1													
Customer Relationships	.371**	.347**	.303**	1												
Web Site	.429**	.439**	.355**	.316**	1											
Access of new markets	.491**	.443**	.447**	.412**	.404**	1										
Access of world markets	.258**	.313**	.144**	.203**	.171**	.201**	1									
Decrease in marketing cost	.453**	.359**	.336**	.343**	.352**	.380**	.227**	1								
Enhancement of credibility	.416**	.303**	.270**	.282**	.367**	.368**	.229**	.282**	1							
Professional Image	.358**	.388**	.275**	.230**	.287**	.435**	.253**	.353**	.237**	1						
By Pass Channels of Distribution	.418**	.389**	.279**	.273**	.330**	.415**	.295**	.383**	.269**	.398**	1					
Research in foreign markets	.445**	.401**	.360**	.407**	.360**	.491**	.306**	.356**	.370**	.410**	.387**	1				
Quick reach to customers	.288**	.289**	.299**	.325**	.294**	.378**	.179**	.308**	.281**	.242**	.295**	-.319**	1			
Development of Virtual Community for customers	.348**	.391**	.322**	.394**	.284**	.475**	.262**	.345**	.319**	.340**	.378**	.362**	.290**	1		
Collaborating with other small firms	.468**	.388**	.360**	.321**	.346**	.464**	.214**	.404**	.354**	.335**	.394**	.353**	.272**	.357**	1	
Effective E-Trading	.353**	.264**	.302**	.275**	.303**	.439**	.182**	.320**	.280**	.294**	.296**	.341**	.308**	.304**	.364**	1

\*\*Correlation is significant at the 0.01 level (2-tailed).

### Analysis

Table highlights the relationship of each variable with the another as all the variables are perfectly correlated with its self and also shown correlation with the other variables used in the process of research, hence it is optimal to state that the variables are valid as they are showing increase in value of each other with the increase of value of the other. Now we are showing the model developed through AMOS in order to implement Path Analysis and to highlight the impact and relationship of different variables with each other



CMIN/DF	GFI	CFI	RMSEA
4.294	0.721	0.776	0.08

**Table No. 04** Model Fit

**Analysis:**

The range of CMIN/DF is in between the acceptable range of 1 and 5 thus indicating that model is fit for statistical testing, one the other hand GFI value is found to be 0.721 which is very near to the value of perfect and value of RMSI is almost zero (0) which indicates almost a perfect fit of the model hence the data we have collected is found to be reliable and model we have constructed is said to be applicative and appropriate one for the research. Hence it is optimal to conduct research and imply inferential stats through the use of the drawn model in order to find out the resultant of our research objective. Thus the next step we have taken is to figure out the regression weights, through 2<sup>nd</sup> order CFA and PATH Analysis in order to check the impact of each variable upon another.



			Estimate	S.E.	C.R.	P
Web Site	<---	E-Marketing Practices	0.436	0.046	9.489	0.000
Interactive	<---	E-Marketing Practices	0.391	0.046	8.556	0.000
Contents	<---	E-Marketing Practices	0.403	0.048	8.349	0.000
Enhancement of credibility	<---	Web Site	0.369	0.047	7.873	0.000
Collaborating with other small firm:	<---	Web Site	0.369	0.05	7.366	0.000
Research in foreign markets	<---	Web Site	0.355	0.046	7.716	0.000
Customer Relationships	<---	Interactive	0.224	0.048	4.71	0.000
Customer Relationships	<---	Contents	0.167	0.045	3.687	0.000
Access of new markets	<---	Web Site	0.381	0.043	8.833	0.000
Access of world markets	<---	Web Site	0.192	0.055	3.47	0.000
Decrease in marketing cost	<---	Web Site	0.352	0.047	7.514	0.000
By Pass Channels of Distribution	<---	Web Site	0.349	0.05	6.989	0.000
Professional Image	<---	Enhancement of credibility	0.253	0.052	4.867	0.000
Quick reach to customers	<---	Research in foreign market	0.377	0.056	6.73	0.000
Effective E-Trading	<---	Collaborating with other sm	0.358	0.046	7.816	0.000
Customer Relationships	<---	Web Site	0.159	0.047	3.419	0.000
Development of Virtual Community	<---	Web Site	0.292	0.049	5.924	0.000

Table No. 05 2<sup>nd</sup> Order CFA and Path Analysis

#### Analysis:

The numeric analysis through 2<sup>nd</sup> order Confirmatory Factor Analysis highlighted that all the clusters like interactiveness and use of contents through internet having significant impact on the development of customer relationships. While Development of website has also a significant impact on all the dependent variables highlighted through the literature and research model developed for this research, as p value is significant in all the cases. Thus it can be stated that E-Marketing and tactics to perform E-Marketing are significantly important and useful for the increase of customer base as well as to decrease of cost associated with marketing and advertising.

#### Analysis Discussion and Conclusion:

As, all the variables highlighted by the prior research literature and models are found to be significant and have positively correlated with the performance of the SME in Least Development Country like Pakistan.

But the thinking of top level executives used for data collection and evaluation might not be found appropriate to the owners as some of the SME's are working through top executives and when we consult with the director of the organization i.e. (Owner) we might have the changed opinion, as they are unaware of the uses and significance of the E-Marketing.

Especially in the case of companies who are dealing in the organizing of events, providing education and exports of handmade carpets, the thinking of owners are somewhat different from the thinking of the top level executives. Thus the gap between the thinking of directors and top level executives might also be bridged through conducting pragmatic research in the discipline of E-Marketing practices associated with Small and Medium Sized Enterprises.

#### References:

1. Adrian Sparkes and Brychan Thomas, (2001), "The use of the Internet as a critical success factor for the marketing of Welsh agri-food SMEs in the twenty-first century", *British Food Journal*, 103(5), 331 -347
2. Apiah-Adu, K. A. (1998). "Customer Orientation and Performance : A Study of SME's", *Management Decision*, 385-94.
3. Avlonitis, G J. and Karayanni, D A., (2000), "The impact of internet use on business-to-business marketing: examples from American and European companies", *Industrial Marketing Management*, 29(5), 441-445
4. Barwise, P., and Farley, J. U. (2005), "The state of interactive marketing in seven countries: interactive marketing comes of age", *Journal of interactive marketing*, 19(3), 67-80
5. Benjamin, R., and Wigand, R.T. (1995) "Electronic Markets and Virtual Value Chains on the Information Highway", *Sloan Management Review*, 62-72.
6. Brodie, R. J., Winklhofer, H., Coviello, N. E., and Johnston, W. J. (2007). "Is e - marketing coming of age? An examination of the penetration of e - marketing and firm performance". *Journal of interactive marketing*, 21(1), 2-21
7. Burgess, S. and Bothma, C. (2011), "International Marketing", Oxford *University Press Southern Africa*,

- 2nd ed, South Africa
8. Burgess, S. M. and Bothma, C. H. (2007), "International Marketing Cape Town" *Oxford University Press*
  9. Carson, D. (1993), "A Philosophy of Marketing Education in Small Firms", *Journal of Marketing Management*, 189-204
  10. Chaffey, D. (2003). "Internet Marketing-Strategy, Implementation and Practice", *Harlow: Prentice Hall, 2nd Edition.*
  11. Chaffey, D., Ellis-Chadwick, F., Mayer, R., and Johnston, K. (2009), "Internet Marketing-Strategy", *Implementation and Practice*, 4th Edition. Harlow: Prentice Hall.
  12. Chang, H. H., and Chen, S. W. (2008). "The impact of online store environment cues on purchase intention: trust and perceived risk as a Mediator", *Online Information Review*, 32(6), 818-841.
  13. Ching, H.L. and Ellis, P. (2004), "Marketing in cyberspace: what factors drive e-commerce adoption?", *Journal of Marketing Management*, 20: 409-429.
  14. Coviello, N.E., Milley, R., and Marcolin, B. (2001). "Understanding IT-enabled interactivity in contemporary marketing". *Journal of Interactive Marketing*, 15(4), 18-33
  15. Dann, S. and Dann, S. (2001), "Strategic Internet Marketing", Wiley, Sydney.
  16. Dar, Madiha Shafique., Ahmed, Shakoor and Raziq, Abdul., (2017), "Small and Medium-size Enterprises in Pakistan: Definition and Critical Issues", *Pakistan Business Review*, Vol. 19(1), pp. 46-70
  17. Deros, B. M., Yusof, S. and Salleh, A. (2006). "A Survey on Critical Factors and Problems in Implementing Benchmarking Towards Achieving Business Competitiveness in SMEs". *Jurnal Kejuruteraan (Journal of Engineering)*, 18, 29-37
  18. Dholakia, R. R., and Kshetri, N. (2004). "Factors impacting the adoption of the Internet among SMEs", *Small Business Economics*, 23(4), 311-322
  19. Ditto, S. and Pille, B. (1998), "Marketing on the Internet", *Healthcare Executive*, 13(5), pp 54-55.
  20. Downie, G. (2002), "Internet marketing and SMEs", *Management Services*, 14 No (7), 8-20.
  21. Egan, T., Clancy, S. and Toole, O T., (2003)., "The integration of e-commerce tools into the business processes of SMEs". *Irish Journal of Management*, 24 (1), pp. 139-154.
  22. El-Gohary, H, Trueman, M. and Fukukawa, K. (2008), "The Relationship between E-Marketing and Performance: Towards a Conceptual Framework in a Small Business Enterprises Context", *Journal of Business and Public Policy*, 2 (2), 10-2
  23. El-Gohary, H. (2012). Factors affecting E-Marketing adoption and implementation in tourism firms: An empirical investigation of Egyptian small tourism organizations. *Tourism Management*, 33(5), 1256- 1269.
  24. Etemad, H. and Wright, R. (1999) "Internationalization of SMEs: management responses to a changing environment". *Journal of International markets*, Vol. 20 (1), 13-28
  25. Gilmore, Audrey., Gallagher, Damian. and Henry, Scott., (2007), "E-marketing and SMEs: Operational lessons for the future", *European Business Review*, Vol. 19, No. 3, pp. 234-247
  26. Herbig, P., and Hale, B. (1997). "Internet: the marketing challenge of the twentieth century Internet Research", *Internet Research*, 7(2), 95-100
  27. Hoffman, D.L. and Novak, T.P. (1996), "Marketing in hypermedia computer-mediated environments: conceptual foundations", *Journal of Marketing*, Vol. 60, 50-68.
  28. Iddris, F. (2012). "Adoption of E-Commerce solutions in small and medium-sized enterprises in Ghana". *European Journal of Business and Management*, 4(10): 13-28.
  29. Iddris, F. and Ibrahim, M. (2015), "Examining the relationships between e-marketing adoption and marketing performance of small and medium enterprises in Ghana". *Journal of Marketing and Consumer Research*, 10(1), 160-169
  30. Jeffcoate, J., Chappell, C. and Feindt, S. (2002), "Best practice in SME adoption of e-commerce", *Benchmarking*, Vol. 9(2), 122-130
  31. Jones, P., Beynon-Davies, P., Apulu, I., Latham, A., and Moreton, R. (2011). "Factors affecting the effective utilization and adoption of sophisticated ICT solutions: Case studies of SMEs in Lagos, Nigeria". *Journal of Systems and Information Technology*, 13(2): 125-143.
  32. Kardaras, D. and Papathanassiou, E. (2000), "The development of B2C e-commerce in Greece: current situation and future potential", *Internet Research*, Vol. 10 No. 4, 284-294
  33. Kendall, J.D., Tung, L.L., Chua, K.H., Ng, Dennis Ng, C.H. and Tan, S.M. (2001) "Receptivity of Singapore's SMEs to Electronic Commerce Adoption," *Journal of Strategic Information Systems*, Vol. 10(3), 223-242.
  34. Khalique, M., Isa Abu, H. and Shaari, A N J., (2011), "Challenges for Pakistani SMEs in a Knowledge-Based Economy". *Indus Journal of Management and Social Sciences*, 5(2), 74 80.
  35. Kleindl, B. (2000). "Competitive Dynamics and New Business Models For SMEs in the Virtual Marketplace", *Journal of Developmental Entrepreneurship*, 5(1), 73-85.
  36. Kshetri, N. (2008). "Barriers to e-commerce and competitive business models in developing countries: A

- case study”, *Electronic commerce research and applications*, 6(4), 443-452
37. Kula, V. and Tatoglu, E. (2003), “An exploratory study of internet adoption by SMEs in an emerging economy”, *European Business Review*, Vol. 15(5), 324-33
  38. Laudon, K C. and Laudon, J P. (2004). “Management Information Systems: Managing the Digital Firm. Upper Saddle River”, *New Jersey: Prentice-Hall International*
  39. Lloyd, H R., (2002). “Small and Medium Enterprises (SMEs): instruments of economic growth and development in a South African regional dispensation”, Paper read at the annual conference of the European Regional Science Association held in Port Elizabeth on 2-6 August 2002: Port Elizabeth, 1-25.
  40. Management Accounting (2000), “Web returns for SMEs”, *Management Accounting*, Vol. 78 (5), 14-16.
  41. McCartan-Quinn, Danielle and Carson, David Sep., (2003), “Issues Which Impact upon Marketing in the Small Firm” *Small Business Economics*, Vol. 21, No. 2, Special Issue on Entrepreneurship, Firm Growth and Regional Development in the New Economic Geography pp. 201-213 Published by: Springer
  42. McCue, S. (1999), “Small firms and the internet: force or farce?”, *International Trade Forum*, 1, 27-29.
  43. Mehrtens, J., Cragg, P. B., and Mills, A. M. (2001). A model of Internet adoption by SMEs. *Information & management*, 39(3), 165-176
  44. Michele O'Dwyer, Audrey Gilmore and David Carson., (2009) "Innovative marketing in SMEs", *European Journal of Marketing*, 43(1/2), 46-61, <https://doi.org/10.1108/03090560910923238>
  45. Mogeni, Samuel Nyakundi, (2016) “Challenges Facing the Growth of SMEs in the Furniture Subsector in Nakuru County Town, Kenya” *European Journal of Business and Management*, Vol.8 (27), 115-134
  46. Molla, A., and Licker, P. S. (2005). “E-Commerce adoption in developing countries: a model and instrument”, *Information & management*, 42(6), 877-899
  47. Nguyen, T. D., & Barrett, N. J. (2006). The adoption of the internet by export firms in transitional markets. *Asia Pacific Journal of Marketing and Logistics*, 18(1), 29-42
  48. O'Dwyer, M., Gilmore, A. and Carson, D., (2009). “Innovative marketing in SMEs”. *European Journal of Marketing*, 43(1/2), 46–61
  49. Olalekan U. Asikhia (2009)., “The Moderating Role of E-Marketing on the Consequences of Market Orientation in Nigerian Firms”. Covenant University, Ogun state, Nigeria
  50. PBS., (2011)., “Economic Census of Pakistan”
  51. Poon, S. and Swatman, P.M.C. (1997), “Small business use of the internet: findings from Australian case studies”, *International Marketing Review*, Vol. 14(5), 385-402.
  52. Premkumar, G. and Roberts, M. (1999), “Adoption of new information technologies in rural small businesses”, *Omega, International Journal of Management Science*, 27, 467-484
  53. Sadowski, B. M., Maitland, C., and Van Dongen, J. (2002)., “Strategic use of the Internet by small-and medium sized companies: an exploratory study. *Information Economics and Policy*”, 14(1), 75-93.
  54. Sandeep, K. and Sing, N. (2005). “The international e-marketing framework (IEMF): Identifying the building blocks for future global e-marketing research”. *International Marketing Review*, 22(6), 605-610.
  55. Simpson, M., Padmore, J., Taylor, N. and Frecknall-Hughes, J. (2006), “Marketing in small and medium sized enterprises”, *International Journal of Entrepreneurial Behavior & Research*, Vol. 12(6), 361-87
  56. Smith. D. (1990). “Small is beautiful, but difficult: towards cost effective research of small business, “journal of the market research society” , 37-60. , London: D P Publications Ltd
  57. Stokes, D. (2000). “Entrepreneurial Marketing: A Conceptualization From Qualitative Research”, *Quantitative Marketing Research: An International Journal*, 3 (1), 50.
  58. Stokes, D., (2000). “Putting Entrepreneurship into Marketing: The Processes of Entrepreneurial Marketing”. *Journal of Research in Marketing and Entrepreneurship*, 2(1): 1-16.
  59. Strauss, J. & Frost, R. (2001), “E-Marketing”, USA, Prentice Hall.
  60. Strauss, J., & Frost, R. (2000). “Internet Marketing”, *New Jersey, Prentice Hall, Inc.*
  61. White, M D., Abels, E G. and Gordon-Murnane, L. (1998), "What constitutes adoption of the Web: A methodological problem in assessing adoption of the World Wide Web for electronic commerce", *Journal of the American Society for Information Science*, 35, 217-226.
  62. Williamson, O. E. (1985). *The Economic Institutions of Capitalism: Firms, Markets and Relational contracting*. New York: Free Press
  63. Wu, F., Mahajan, V., & Balasubramanian, S. (2003). “An analysis of e-business adoption and its impact on business performance”. *Journal of the Academy of Marketing Science*, 31(4), 425-447.
  64. Xu, M., Rohatgi, R. & Duan, Y. (2007). E-Business Adoption in SMEs: Some Preliminary Findings from Electronic Components Industry. *International Journal of E-Business Research*, 3(1), 74-90.